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*30 Dec.*

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NSC BRIEFING

12 November 1953

#### BACKGROUND

##### The short term political outlook in Italy

1. Pella's government is avowedly "transitional" and was to have expired October 31.
  - a. However, Pella has sought to strengthen his position by securing a political victory on the Trieste issue, the focus of Italian nationalist sentiment.
2. We believe the minimum that the Italians would accept at any 5-power conference would be a solution returning the bulk of Zone A to Italy.

*22*  
*On 9*  
The Italians would probably be willing to cede to Tito some predominately Slovene areas on the edge of Zone A as well as to the north in return for

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EX-1  
NO FORGE A CLASS:   
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comparable concessions in Zone B.

- b. They would not cede the port of Zaule (Servola) to Yugoslavia, except possibly in return for major concessions in Zone B.
- c. Italy would grant Yugoslavia extensive port and access rights in Trieste itself and would accept mutual minority guarantees.
- d. It probably would also accept demilitarization of both zones.

3. The short term political outlook in Italy depends largely on the outcome of the Trieste issue.

- a. If a solution were reached along the above lines, Pella would almost certainly remain in power.
- b. Failing a prompt solution which appears at least as satisfactory to Italian opinion as the US-UK

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~~SECRET  
SECURITY INFORMATION~~

October 8 decision, Pella will almost certainly resign or his government fall.

4. Pella's fall on the Trieste issue would increase Italian political instability and further strengthen the left and right extremes at the expense of the center.
5. Even if Pella does not fall on the Trieste issue, we believe that the governmental situation will remain unstable and that the present government will not survive the next two years.
  - a. Growing popular demands for social and economic change will place further strains on the stability of the government.
  - b. There is a possibility of major strikes.

- 3 -  
~~SECRET~~

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020040-9

~~SECRET  
SECURITY INFORMATION~~

c. The Monarchists, who now support the Pella cabinet, will sooner or later insist on representation in it and thereby will precipitate another political crisis.

6. Although over the longer run the chances of Italy going Communist may increase, we believe it unlikely that failure to satisfy Italy on Trieste, or developments subsequent to this, would lead to succession of the Communists to power within the next two years.

a. It is possible, though unlikely, that a wave of emotionalism sweeping Italy as a consequence of a Trieste setback, perhaps combined with a prolonged general strike, could create a revolutionary situation in which the left might seek to

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SECURITY INFORMATION

overthrow the government.

b. In the unlikely event of a sharp government move to the right, it is also possible that the Communists would feel compelled to attempt a coup.

c. We believe that the Italian security forces could and would put down such an attempt.

7. The most feasible way in which a shift to the left could take place would be through creation of a more left-oriented center coalition which the Nenni Socialists would agree to support, just as the Monarchists support Pella today.

a. A less feasible alternative would be the so-called Nenni solution, the creation of a government composed of the Nenni and Saragat Socialists and a

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~~SECURITY INFORMATION~~

large portion of the present  
center parties.

b. We believe that the advent of any  
left-oriented coalition is unlikely,  
notwithstanding any Italian setback  
on Trieste.

8. We believe that the most likely successor  
to Pella would be a center or center-right  
government, probably involving  
continued Monarchist support.

a. Despite the inherent differences between  
the reformist left wing of the  
CD party on the one hand, and its  
own conservative right wing and the  
Monarchists on the other, these  
differences are probably easier to  
reconcile than the differences between  
the CD left wing and the Nenni

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SECURITY INFORMATION~~

b. This proved to be the case in the formation of the Pella cabinet, in which the CD left wing was given important posts in return for their collaboration.

9. In discounting the likelihood of a short term drift to left or right extremism in Italy, we do not mean to underestimate the seriousness with which we view the Italian political situation.

a. Any new government formed if Pella fell on the Trieste issue would be even more nationalistic in its foreign policy and less disposed to cooperate with the U. S.

b. Although Italy would almost certainly remain in NATO, domestic support for Italy's NATO effort would be greatly weakened and the prospects for

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~~SECURITY INFORMATION~~

Italian EDC ratification diminished.

c. Moreover, governments of an increasingly rightist character might be less able to deal effectively with Italy's underlying social and economic ills, thus further enhancing the popular appeal of the Communist-Socialist left.

10. US support of a Trieste settlement favorable to Italy would be the most immediately effective step toward strengthening the present Italian government.

a. However, given the present confusion and organization and financial weakness of the center parties, we believe that an Italian success on Trieste alone would not be sufficient to arrest the gradual weakening of the democratic center in Italy.

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~~30 Dec 2000~~

~~NO SIGHTING~~

~~12 November 1953~~

Summary of ONE Memorandum of 9 November

"THE SHORT TERM POLITICAL OUTLOOK IN  
ITALY (through 1955)

1. Italy faces a period of political instability with the prospect of a further weakening of the democratic center and a strengthening of both right and left extremes.
  - a. Any settlement of the Trieste crisis which does not appear favorable to Italy ---- which does not approximate the [redacted] 8 October decision ---- will probably lead to the fall of the Pella cabinet and further strengthen these extremes.
2. A Trieste settlement favorable to Italy would bolster the present Italian government.

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- a. It would not, in itself, be sufficient to avert the weakening of the democratic center in Italy.
- b. However, we believe it unlikely that during the next two years a Communist-dominated government will come to power, whether by coup or by legal means.
- c. Any changes in the political complexion of the Italian government over the next two years are more likely to be toward the right than toward the left.
- d. A right dictatorship, however, would be highly unlikely.

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Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020040-9  
SECRET  
30 Dec 63  
Security Information

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Security Information

30 Dec 83

TRIESTE

Quiet - no disorders since 7 Nov. -

but continuing tension

Italian hostility at present primarily

directed at British

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8 Nov. - border check turned back

large group of MSI (Italian neo-Fascists)

headed by notorious gunman.

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Indicates this

fellow assigned to assassinate

Geno Winterton

DOCUMENT NO.                   
NO CHANGE IN CLASS.

NO CHANGE IN CLASSIFICATION  
F1 DECLASSIFIED

CLASS. CHANGED TO: 19  
REVIEW DATE:

1/29 CIAS REPORT

DATE **3-29** RETURN

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British prepared to point out police  
casualties announced as 79 injured  
were really 3 killed, 79 injured - as  
rebuttal to Italian charges of wanton  
and unjustified police brutality

Yugoslav Foreign Minister has warned  
that "if events follow their present  
course, Yugoslavia will be obliged to  
intervene to protect Yugoslav ethnic  
groups in Zone A"

Italian attacks so far have  
not involved Slovenes or  
Titoist groups

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